

Karen E. Wagner, Esq. (KW-3451)
Abraham Gesser, Esq. (AG-7531)
James I. McClammy, Esq. (JM-5592)
DAVIS POLK & WARDWELL
450 Lexington Avenue
New York, NY 10017
Telephone: (212) 450-4000
Facsimile: (212) 450-3800

– and –

George Kielman
Associate General Counsel for Litigation
Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive – MS202
McLean, Virginia 22102
Telephone (703) 903-2640
Facsimile (703) 903-4160

Counsel to Federal Home Loan Mortgage Corporation in Conservatorship

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
: Case No. 08-13555 (JMP)
LEHMAN BROTHERS HOLDINGS INC., et al., :
Debtors. : (Jointly Administered)
:
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**DECLARATION OF GEORGE KIELMAN IN SUPPORT OF
MOTION OF FEDERAL HOME LOAN MORTGAGE CORPORATION
FOR LEAVE TO CONDUCT RULE 2004 DISCOVERY**

GEORGE KIELMAN, hereby declares pursuant to Section 1746 of Title 28 of the United States Code:

1. I am Associate General Counsel for Litigation for movant, Federal Home Loan Mortgage Corporation in conservatorship (“Freddie Mac”). I have been admitted to practice pro hac vice before this Court in connection with the above-captioned cases.

2. I am submitting this declaration in support of Freddie Mac’s motion for leave to conduct Rule 2004 discovery (the “2004 Motion”) of Lehman Brothers Holdings Inc. (“LBHI”).

3. Freddie Mac is a government-sponsored enterprise that not only plays a critical role in the United States mortgage finance market but also is inextricably interwoven into the nation’s financial system. On September 6, 2008, the Federal Housing Finance Agency (“FHFA”), an independent agency of the United States Government, was appointed as Freddie Mac’s conservator (the “Conservator”). The goal of the conservatorship is to restore confidence in Freddie Mac, enhance its capacity to fulfill its mission and mitigate the systemic risk that has contributed to the instability in the current market. Pursuant to 12 U.S.C. § 4617(b), as amended by P.L. 110-289, the Conservator has the powers necessary to locate and protect Freddie Mac’s assets, which, as a matter of law, have been taken over by the Conservator. Further, the Conservator’s statutory powers include all actions as may be necessary to return Freddie Mac to financial health, to carry on Freddie Mac’s business without interruption and to preserve and conserve Freddie Mac’s assets and property.

4. Freddie Mac is authorized by its Conservator to submit this application for Rule 2004 discovery.

5. Freddie Mac seeks discovery for purposes of ascertaining the status of the payments due to Freddie Mac with respect to two separate transactions for the transfer of funds totaling \$1.2 billion through the Federal Reserve System from Freddie Mac’s account at the Federal Reserve Bank of New York (“FRBNY”) to LBHI’s subaccount with Citibank at the

FRBNY. Freddie Mac never received the return of these funds, which were due to be returned to Freddie Mac, with interest, by LBHI (collectively, the “Freddie Mac Funds”), on September 15, 2008, the date of LBHI’s bankruptcy filing. LBHI failed to include Freddie Mac in LBHI’s bankruptcy petition schedule listing LBHI’s thirty largest unsecured creditors, despite the existence of an obligation to Freddie Mac substantial enough to have warranted inclusion in this schedule.

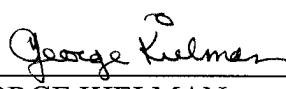
6. Through counsel, Freddie Mac made inquiries of Debtor’s counsel regarding the circumstances immediately surrounding the failure of LBHI to return the Freddie Mac Funds. A copy of a letter to Debtor’s counsel dated October 9, 2008 is attached hereto as Exhibit 1. Freddie Mac has obtained certain minimal information about the transfers as reflected in the letter from Debtor’s counsel dated October 16, 2008, a copy of which is attached hereto as Exhibit 2. Freddie Mac appreciates this response, but no documents were provided, and the response itself actually raises further questions about what happened to the Freddie Mac Funds.

7. Freddie Mac requires additional information in order to meaningfully participate, and protect its rights, in these cases, or to determine if there are other parties from which recovery of the Freddie Mac Funds may be sought by Freddie Mac and its Conservator.

8. If the information sought in the 2004 Motion is not obtained promptly, Freddie Mac’s rights, which by law have devolved to its Conservator, will be prejudiced.

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Dated: October 21, 2008
McLean, Virginia


George Kielman
GEORGE KIELMAN
Associate General Counsel
Federal Home Loan Mortgage Corporation